

Rock-Tenn CO
Form 10-Q
May 01, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2009

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-12613

Rock-Tenn Company

(Exact Name of Registrant as Specified in Its Charter)

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Georgia
(State or Other Jurisdiction of
Incorporation or Organization)

62-0342590
(I.R.S. Employer
Identification No.)

504 Thrasher Street, Norcross, Georgia
(Address of Principal Executive Offices)

30071
(Zip Code)

Registrant's Telephone Number, Including Area Code: (770) 448-2193

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class
Class A Common Stock, \$0.01 par value

Outstanding as of April 24, 2009
38,350,090

Table of Contents

ROCK-TENN COMPANY

INDEX

	Page
PART I	
	<u>FINANCIAL INFORMATION</u>
Item 1.	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Statements of Income for the three and six months ended March 31, 2009 and 2008</u>
	1
	<u>Condensed Consolidated Balance Sheets at March 31, 2009 and September 30, 2008</u>
	2
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2009 and 2008</u>
	3
	<u>Notes to Condensed Consolidated Financial Statements</u>
	4
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	25
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	35
Item 4.	<u>Controls and Procedures</u>
	35
PART II	
	<u>OTHER INFORMATION</u>
Item 1.	<u>Legal Proceedings</u>
	35
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>
	35
Item 6.	<u>Exhibits</u>
	36
	<u>Index to Exhibits</u>
	38

Table of Contents**PART I: FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS (UNAUDITED)****ROCK-TENN COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(In Millions, Except Per Share Data)**

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Net sales	\$ 676.3	\$ 685.9	\$ 1,379.4	\$ 1,282.2
Cost of goods sold	504.8	560.0	1,043.1	1,049.3
Gross profit	171.5	125.9	336.3	232.9
Selling, general and administrative expenses	83.5	75.3	165.0	140.5
Restructuring and other costs, net	3.2	0.8	9.7	3.8
Operating profit	84.8	49.8	161.6	88.6
Interest expense	(24.6)	(19.7)	(51.0)	(31.5)
Loss on extinguishment of debt		(1.9)	(2.4)	(1.9)
Interest income and other (expense) income, net	(0.5)	0.1	(0.1)	
Equity in (loss) income of unconsolidated entities	(0.2)	0.2	(0.6)	(0.1)
Minority interest in income of consolidated subsidiaries	(0.2)	(1.2)	(0.9)	(2.1)
Income before income taxes	59.3	27.3	106.6	53.0
Income tax expense	(21.9)	(10.2)	(38.6)	(18.4)
Net income	\$ 37.4	\$ 17.1	\$ 68.0	\$ 34.6
Weighted average diluted shares outstanding	38.6	38.2	38.6	38.1
Basic earnings per share:				
Net income	\$ 0.99	\$ 0.46	\$ 1.80	\$ 0.93
Diluted earnings per share:				
Net income	\$ 0.97	\$ 0.45	\$ 1.76	\$ 0.91
Cash dividends paid per common share	\$ 0.10	\$ 0.10	\$ 0.20	\$ 0.20

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents

ROCK-TENN COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In Millions, Except Share Data)

	March 31, 2009	September 30, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10.3	\$ 52.8
Restricted cash and marketable debt securities		19.2
Accounts receivable (net of allowances of \$12.0 and \$9.0)	264.0	304.3
Inventories	283.5	283.0
Other current assets	51.2	49.2
Assets held for sale	0.9	0.7
Total current assets	609.9	709.2
Property, plant and equipment at cost:		
Land and buildings	394.7	398.3
Machinery and equipment	1,808.1	1,826.2
Transportation equipment	15.1	15.2
Leasehold improvements	5.5	7.6
	2,223.4	2,247.3
Less accumulated depreciation and amortization	(943.8)	(914.2)
Net property, plant and equipment	1,279.6	1,333.1
Goodwill	725.2	727.0
Intangibles, net	157.9	176.9
Investment in unconsolidated entities	25.3	29.4
Other assets	35.6	37.5
	\$ 2,833.5	\$ 3,013.1

LIABILITIES AND SHAREHOLDERS EQUITY

Current liabilities:		
Current portion of debt	\$ 182.6	\$ 245.1
Accounts payable	211.6	241.5
Accrued compensation and benefits	68.5	95.2
Other current liabilities	83.8	65.9
Total current liabilities	546.5	647.7
Long-term debt due after one year	1,322.2	1,447.2
Hedge adjustments resulting from terminated fair value interest rate derivatives or swaps	5.6	6.6
Total long-term debt	1,327.8	1,453.8

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Accrued pension and other long-term benefits	73.4	70.8
Deferred income taxes	162.9	153.3
Other long-term liabilities	38.6	29.4
Commitments and contingencies (Note 14)		
Minority interest	14.7	17.6
Shareholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; no shares outstanding		
Class A common stock, \$0.01 par value; 175,000,000 shares authorized; 38,350,090 and 38,228,523 shares outstanding at March 31, 2009 and September 30, 2008, respectively	0.4	0.4
Capital in excess of par value	248.0	238.8
Retained earnings	479.7	421.7
Accumulated other comprehensive loss	(58.5)	(20.4)
Total shareholders' equity	669.6	640.5
	\$ 2,833.5	\$ 3,013.1

See Accompanying Notes to Condensed Consolidated Financial Statements

Table of Contents**ROCK-TENN COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(In Millions)**

	Six Months Ended March 31,	
	2009	2008
Operating activities:		
Net income	\$ 68.0	\$ 34.6
Items in income not affecting cash:		
Depreciation and amortization	75.2	57.4
Deferred income tax expense (benefit)	19.5	(4.7)
Share-based compensation expense	4.9	4.1
Gain on disposal of plant, equipment and other, net	(0.4)	(0.1)
Minority interest in income of consolidated subsidiaries	0.9	2.1
Equity in loss of unconsolidated entities	0.6	0.1
Payment on termination of cash flow interest rate hedges		(3.5)
Pension funding less (more) than expense	3.2	(7.8)
Impairment adjustments and other non-cash items	(0.8)	0.3
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	34.5	(11.1)
Inventories	(6.2)	9.0
Other assets	(6.4)	(12.7)
Accounts payable	(25.7)	(13.5)
Income taxes payable	13.5	3.2
Accrued liabilities and other	(25.3)	(22.4)
Net cash provided by operating activities	155.5	35.0
Investing activities:		
Capital expenditures	(31.2)	(37.2)
Cash paid for purchase of business, including amounts received from (paid into) escrow, net of cash received	8.5	(809.2)
Investment in unconsolidated entities	(0.5)	(0.2)
Return of capital from unconsolidated entities	3.7	0.4
Proceeds from sale of property, plant and equipment	0.7	2.2
Net cash used for investing activities	(18.8)	(844.0)
Financing activities:		
Proceeds from issuance of notes		198.6
Additions to revolving credit facilities	185.0	202.3
Repayments of revolving credit facilities	(158.3)	(109.1)
Additions to debt	85.0	766.0
Repayments of debt	(296.0)	(169.3)
Debt issuance costs	(0.9)	(27.3)
Restricted cash and investments	19.2	(0.7)
Issuances of common stock, net of related minimum tax withholdings	0.3	1.4
Excess tax benefits from share-based compensation	1.7	0.5
(Repayments to) advances from unconsolidated entity	(5.3)	1.0
Cash dividends paid to shareholders		